



Amy Loudenbeck

REPRESENTING WISCONSIN'S 45TH ASSEMBLY DISTRICT

January 19, 2012

Committee on Transportation and Elections:

Assembly Bill 152 raises the cap on the amount the state may contribute to an airport project from \$500,000 to \$1,250,000 for federal and non-federal projects. Under current law, when an airport improvement project involves federal aid, the state may contribute up to 50% of the costs in excess of the federal government's share of the project. When an airport improvement project does not involve federal aid, the state may contribute up to 80% of the cost of the project. For both types of projects, current law caps the amount the state may pay at \$500,000 and prohibits the state's contribution from being used for the cost of hangars.

The bill does not spend any new dollars. It simply allows large-scale projects to be considered for funding. The \$500,000 project threshold was set in 1993. The Wisconsin Construction Cost Index was used to calculate a new threshold that more accurately reflects the scale of the projects this program was intended to support.

According to Southern Wisconsin Regional Airport Director, Ron Burdick, the airport provides an estimated 250 jobs and is a much needed resource for businesses within and outside of the county and is used by private pilots, corporations, and commercial carriers. Located on 1400 acres, the airport has three runways and averages more than 67,500 operations, or landings and take-offs each year. The Southern Wisconsin Regional Airport is a useful tool for bringing in businesses from outside the region and is one of the top ten items businesses look at when they are relocating to a community.

This bill will provide airports across Wisconsin an additional funding mechanism to improve their operations. This bill does not allocate any additional state funding; it simply raises the project threshold to keep up with current construction costs. I encourage your support of AB152 as passed by the Assembly.

Sincerely,

Rep. Amy Loudenbeck

From: Phillip Owens Jr.
To: Committee on Transportation and Elections
RE: AB152

Dear Senators,

I am requesting your support and vote to approve AB152 relating to State aid for airport Improvement projects.

Currently in Rock County we have a dilemma in which our hands are somewhat tied due to current legislation restricting the amount of funds available for any individual project to \$500,000.00. The current airport terminal at the Southern Wisconsin Regional Airport is at or over the 50 year mark and has become excessive in maintenance and operating costs as well as space constrained and inefficient in uses. We proposed to renovate the existing terminal to improve its use as well as to minimize the operating costs and thus save the taxpayers dollars. After extensive planning and preparation the project was let out for bids in accordance with procedures as required by law. Three times the bids let out failed in a successful result.

Why? In examining the situation it is determined the current dollar limit of \$500,000.00 per project of State funding annually, required the needed renovation be separated into three separate projects with no guarantee that being a successful bidder on the first project would be any guarantee success on the second or third project bids. Therefore the program was doomed to failure before it even got off the ground. Until the legislation is changed to allow up to \$1,250,000.00 per project annually this renovation will remain dead on arrival.

We all are keenly aware of construction costs in today's dollars and I am confident you will agree with me that the current limit of \$500,000.00 is far below an amount needed for any reasonable sized project of this nature. Wisconsin can be proud of its aviation infrastructure and what it brings to the state in many different ways, we are also aware of the importance to maintaining the aviation infrastructure so we can continue to move forward in the future. There are airports in every county in this state and each and every one is an asset to the community in which it resides therefore I am requesting your support in approving AB152 to allow the increase in allowable state funds for projects such as this.

I will further add that while I am asking you to approve a larger dollar figure I am also aware that currently there may not be funds available, however at least it would remove the failure guarantee which currently exists. It would allow for the project to be considered viable in the future.

As chairman of the General Services committee I often have the opportunity to see first hand the effects of this type of legislation, we strive to provide our constituents the best possible utilization of their tax dollars on each and every project. Your assistance in helping us in this regard are requested.

Sincerely,

Phillip O. Owens Jr.



Talking Points
Increase in State Funding Cap
for Airport Building Projects
(State Statute 114.34 (1 & 2))

President
Marty Lenss
Appleton

Vice President
John Dorcey
Oshkosh

Secretary
Terry Blue
Milwaukee

Treasurer
Jeremy Sickler
Burnett County

Executive Director
Pete Drahn
Arbor Vitae

Board of Directors

Tony Yaron
Mosinee

Dave Jensen
Madison

Dan Wruck
La Crosse

Jeff Gaier
Neillsville

Rob Hom
Eagle River

Charity Speich
Eau Claire

- No fiscal impact to the State Bureau of Aeronautics (BOA) Budget. BOA budget would remain unchanged. BOA, through rulemaking authority would administratively distribute the money.

- The BOA would administer the higher funding authority for buildings within their already established project priority rating system. We believe the opportunity for airport's to "drain" BOA funding on building projects in any 1-year is simply unrealistic; the project rating system provides the appropriate check and balance.

- Provides greater flexibility to attract high value, job creating economic development opportunities. Allows larger projects and/or reduced phasing due to current fiscal cap.

- The change would authorize the State BOA to fund airport building projects at a higher level and within current State BOA funding levels.

- State Statute 114.34 (1 & 2) cap of \$500,000 for airport building projects was set in 1992. Construction inflation has not allowed state airports to keep pace.

- Proposed cap should be set at \$1.25 million dollars. Increase in cap would benefit all airports in the state; general aviation and commercial service.

- BOA would administer the new cap level within the confines of the already established budget; no increase in the BOA budget is requested. **NO FISCAL IMPACT!!**

- The State of Minnesota has no limits and participates in hangars, recommended changes would allow are airports to remain competitive with our neighbor to the west.



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Madame Chair, and members of the committee, thank you for allowing me the opportunity to testify on Assembly Bill 152.

In Wisconsin, we have over 100 airports that can qualify for state aid for improvement projects. The State of Wisconsin allocates approximately \$13 million per year to be put towards these projects while the federal government allocates approximately \$73 million per year. Under current law, the State is limited in how much they can contribute to a single project. The current amount is \$500,000 and was set in statute in 1993. Obviously everyone is aware of the dramatic increase in project costs since then, and the \$500,000 doesn't account for near the same cost share percentage as it did in 1993. Inflation on the dollar alone would show that \$500,000 in 1993 dollars equates to roughly \$800,000 in 2010, and increases in costs of construction have dramatically outpaced that.

On that front, AB152 seeks to bring that dollar value more up to date with today's costs of construction by raising the allowable contribution to a single project to \$1.25 million. Please keep in mind that this does not in any way spend a single dollar over what is currently appropriated, it simply gives the Department greater flexibility when deciding how much to contribute to a single project.

This bill has garnered a broad base of support from organizations such as the Wisconsin Transportation Builders Association, the Wisconsin Counties Association, the Associated General Contractors of Wisconsin and the Operating Engineers Local #139. Thank you for your consideration and I'd be happy to answer any questions you may have.